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ITALIAN RECONSTRUCTION AFTER WORLD WAR
II

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25 February 1972

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ITALIAN RECONSTRUCTION AFTER
WORLD WAR II.

A RESEARCH REPORT

by

Lieutenant Colonel Manley H. Cosper, Jr.
Infantry "

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This paper was submitted to Shippensburg State College in partial fulfillment of the requirements for the degree of Master of Science (in Public Administration). It traces the reconstruction and redevelopment of the Republic of Italy following its defeat in World War II. The developmental model originated by Milton J. Esman for "Fundamental Tasks Faced by Governments in Developing Countries" is used to show the bureaucratic, political and economic development of Italy in the post-war period. Emphasis is given to the economic recovery and the various free world plans that aided in these activities, with particular attention to the Marshall Plan. In addition to the references cited in the bibliography the author calls upon approximately four years experience living in Italy and working in the United States Embassy in Rome.

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INTRODUCTION

This paper will trace the reconstruction and redevelopment of the Republic of Italy following its ignominious defeat in World War II.

The developmental model originated by Milton J. Esman for "Fundamental Tasks Faced by Governments in Developing Countries"¹, as slightly modified by this author, will be used to show the bureaucratic, political and economic development of Italy in the post-war period.

Emphasis will be given to the economic recovery and the various free world plans that aided in these activities with particular attention to the Marshall Plan.

In addition to the references cited in the bibliography the author calls upon approximately four years experience living in Italy, working in the United States Embassy in Rome, and travelling extensively the width and breadth of the country.

¹Milton J. Esman, "The Politics of Development Administration," Approaches to Development: Politics, Administration and Change, edited by John D. Montgomery and William J. Siffin, (New York: McGraw Hill Book Company, 1966), pp. 60-63.

Chapter 1

GENERAL

Italy, at the conclusion of World War II, was an impoverished and destitute country that lay in ruin. She had been a member of the losing side in that war, the most devastating conflict the world had ever seen. She had been ruled for over the past 25 years by a dictatorship, followed by an occupation of alien conquering powers. Her experiences in democracy were practically nihil. She was a nation virtually without hope and expectation.

Since that time she has experienced an economic recovery. Some say an economic miracle, or, as the Italians themselves say, "il miraclo Italiano", (the Italian miracle). Before preceding to an examination of the activities incident to Italy's recovery it would be well to examine some of the historical factors that contribute to the make-up of the country and the character of the people.

Two basic misconceptions concerning Italy generally exist in the minds of the Anglo-Saxon world. The first of these myths is that concerning the age of the Italian nation. She is imagined as an ancient political entity representing that portion of an old empire that succeeded Rome. The second is the myth concerning the race of the

Italian people. Italians are generally considered to be members of a single ethnic group regardless of their origin, whether it be from the north, south, east or west. Both of these broad generalizations are untrue and frequently result in a misconception of the Italian nation and of the Italian people.

Chapter 2

HISTORICAL

Italy, after the collapse of the Roman Empire, together with the rest of Europe, plunged into darkness. Barbarian armies marched up and down the peninsula plundering and reaping the spoils of their victories. With the Roman legions gone there was no cohesive force to oppose them. Instead each individual city-state existed as best it could, neither seeking or expecting aid from its neighbors. This chaotic condition produced 80 separate city-states and also produced an intense and local loyalty, which for centuries inhibited Italian national unity and of which vestiges exist even today. One observer of the Italian scene has identified it thusly:

"...the patriotism of the Italian is love of a single town, not of a country; it is the feeling of a tribe, not of a nation. Only by foreign conquests have they ever been united. Leave them to themselves and they split into fragments."¹

The 80 separate city-states had by 1500 A. D. been amalgamated into ten. They were bitter competitors and commercial rivals. The geographic position of Italy

¹Denis Mack Smith, Italy (Ann Arbor, Michigan, 1959), p. 90.

afforded the Italian merchants, bankers and sailors a marked advantage over their northern European and English counterparts. Each of the separate states became a mercantile and military power. This competition caused continual fights among them in attempts at dominance over the trade routes and the colonies in the Mediterranean Sea. The gulfs among them widened as they pursued their competitive policies. Political traditions developed independently and the spoken language became almost unintelligible, except in its province or origin.

In the rest of Europe, France, Spain, Austria and England emerged from the Middle Ages as great powers. They in turn battled to obtain a share of the Italian peninsula. Italy's divided states became easy prey to the conquering powers. She became the most invaded country of the world. Her resources were drained off to help fight the wars and expand the empire of these alien conquering powers.

The Roman Catholic Church at the same time became a temporal power and exerted control over the central states, thereby cutting the peninsula at its mid-point. This resulted in a central zone which had little in common with the rest of the country. It was neither northern or southern in character and rendered contact between north and south very difficult.

In 1852 Count Camillo Benso de Cavour became the Prime Minister of the northern Italian state of Piedmont. He instituted many reforms designed to bring Piedmont politically and economically abreast of the northern European countries. Within a decade he had established Piedmont as the principal state in Italy. Through clever political maneuvers and by playing France and England one against the other he was able to annex the territories of Lombardy, Tuscany and Emilia. This established the Kingdom of Savoy completely astride the peninsula. A peasant anti-cleric patriot named Guiseppi Garibaldi, at the same time, seized control of Sicily, Sardinia and Southern Italy by an armed invasion.

Cavour obtained control of the Papal States of Umbria and Marches also by invasion. Through negotiations with Garibaldi he also obtained all the lands that Garibaldi had won and annexed them to the House of Savoy. The Kingdom of Italy, for the first time in history, became a fact under the premiership of Cavour and the rule of the House of Savoy. The northeast provinces of what is present day Italy which was under Austrian control and Rome, which was garrisoned by the French, were all that lay outside of the kingdom. Cavour died in 1861 before he could realize his dream of complete unification of the peninsula.

In 1866 the House of Savoy aligned itself with Bismarck's Prussia in a war against Austria and was rewarded by the annexation of Venice. Rome was seized during the Franco-Prussian War in 1870 when the French armies were forced to withdraw for service at home. It was not until 1870 that modern day Italy was in fact a unified nation.

Italy was granted its final most northern province of Alto-Adige by the peace treaty of Versailles which concluded World War I. This territory was ceded from Austria and even today it presents a problem to Italy created by dissent minorities of Austrian extraction, who at times perpetrate terrorist activities and even threaten open revolt. Italy had been ruled over by various prime ministers under the House of Savoy, from the time of Cavour, until 1922 when Mussolini assumed the dictatorship.

Italy's participation in World War II, on the side of the Axis, was a debacle which was to cost her dearly. In 1946 as the result of a plebiscite the monarchy of the House of Savoy was abolished and King Umberto was forced into exile. Italy became a republic with the referendum of June 2, 1946, for the first time bringing true democracy to the peninsula.

The Republic of Italy is a peninsula extending from the Alps Mountains in the north some 735 miles southerly into the Mediterranean, being 150 miles at its widest point. It has two principal islands: Sicily to the southwest and Sardinia to the west. The state religion is Roman Catholic. It has 20 separate regions with independent governments which roughly equate to the states of the United States.

Chapter 3

SECURITY AGAINST INTERNAL AGGRESSION AND THE INSURANCE OF INTERNAL ORDER

Italy is a member of NATO and has been since its inception. She maintains an army of approximately 371,000 men (including approximately 75,000 Carabinieri), a Navy of 45,000 and an Air Force of 73,000. Italy has universal military service with the term lasting 15 months for the Army and Air Force and 2 years for the Navy. She spends approximately 13 per cent of her national budget (3 per cent of the GNP) on defense.¹

The officer corps of the Italian defense establishment is professional and adequately trained. The troops, on the other hand, because of their very short period of conscript service are, in the main, rather inadequately trained and would require mobilization and extensive retraining to be a viable military force capable of contending with a first rate military power. The military establishment, however, is capable of maintaining law and order.

¹The Europa Year Book 1971, A WORLD Survey, Vol. 1, (London: Europa Publications Ltd., 1971), p. 894.

Italy is bordered by friendly states with the possible exception of Yugoslavia. Given the state of training and the arms available, Italy is probably capable of deterring any aggressive action by Yugoslavia, provided Yugoslavia is unaided. Confrontation between Yugoslavia and Italy in today's political climate however, is extremely unlikely. In addition, Italy's external security is further guaranteed by her membership in NATO. The presence of a sizable Soviet Fleet in the Mediterranean poses little threat to Italy and is counter-balanced by the NATO Mediterranean Fleet, of which the United States Sixth Fleet is the principal part.

The Italian Officer Corps is extremely right-winged and is loyal to the government. It is the author's opinion that it would not permit a Communist take-over of the country even though over 25 per cent of the Italian electorate vote for the Communist Party.

Italy, from the point of view of internal security, has the arm of the Carabinieri; 75,000 strong and referred to as "the first arm of the Army". It is a professional service and is always commanded by a Lieutenant General of the Regular Army. The Carabinieri can be equated to what would be roughly a combination of United States rural sheriffs and their deputies, small town marshals,

state police, and the FBI, all rolled up into one. The Carabinieri is in all probability one of the most viable internal intelligence systems in all of Europe.

Chapter 4

MAINTENANCE OF A CONSENSUS ON THE LEGITIMACY OF THE REGIME

Italy became a republic with the referendum of June 2, 1946. This vote also elected a Constituent Assembly. The total vote was over 22 million with the Christian Democratic Party emerging as the victor. It had over eight million votes followed by the Socialists and Communists with four million each.

The Italian government has been dominated by the Christian Democratic Party since 1946. The pendulum of election results, from time to time, has swung from the left to the right, generally in favor of the left, but the Christian Democrats have remained in power.

An examination of these election results contained in Table 1 indicates that the Christian Democrats were the clear leaders; however, there emerged two strong leftist factions: the Unified Socialists Party (which from time to time has split into its segments of the Socialists and the Social Democrats, primarily because of the more leftist leaning of the Socialists) and the Communists.

The results of this election when examined in the context of the total post-war scene cannot be considered as typical. Many of the Italian voters in 1946 had not

Table 1

Election Results of the Constituent Assembly,
June 12, 1946.

Party	Votes	Percentage
Christian Democrats	8,083,208	35.0%
Socialists ¹	4,744,749	21.0%
Cummunists	4,342,722	19.0%
National Democratic ²	1,559,417	7.0%
Uomo qualunque ²	1,209,918	5.0%
Republicans	997,690	4.0%
National Freedom Block ²	636,693	3.0%
Action Party	333,758	1.5%
Others	1,044,935	4.5%

Notes: ¹The Socialist Party ran as a unified party.

²Since this election these party identities have disappeared from the national scene.

Source: Muriel Grindrod. The Republic of Italy (London: Royal Institute of International Affairs, 1955), p. 26.

clearly formed in their own minds party affiliation and were merely voting for or against the monarchy or in protest against one or more of the leading parties.¹

Many political parties in Italy have come and gone between June 2, 1946 and today. Those that have endured and are present in today's political arena are arranged here from their right to their left, according to their political leaning: Italian Social Movement (neo-Fascist), Monarchists, Liberals, Christian Democrats, Republicans, Social Democrats, Socialists, Communists and the Italian Socialist Party of Proletarian Unity. The Christian Democrats are the center party, the Social Movement is the extreme right, with the Proletarian Socialists being the extreme left, even to the left of the Communists.²

The Italian government, from its inception in 1946 until May 1963, had been ruled primarily by a coalition of right-wing and center parties, composed of the Christian Democrats, the coalition leader, the Social Democrats, the Liberals and the Republicans. At various

¹Muriel Grindrod, The Republic of Italy (London: Royal Institute of International Affairs, 1955), p. 27.

²William Gerber, "Italian Election, 1968", Editorial Research Report (Washington, D. C.), No. 18, Vol. 1, (May 18, 1961), p. 346.

times throughout this period Italy was ruled by a single party, the Christian Democrats, in what has been termed a "mono-colore" (single color government).¹

The country became increasingly disenchanted with the government of the center-right as revealed by the election results of 1963. See Table 2.

The Christian Democrats found themselves no longer able to govern with a coalition oriented toward the center-right. Therefore, in May 1963, they were forced to condescend to an "apertura a sinistra" (opening to the left) when Aldo Moro, a Christian Democrat, formed the first center-left coalition government. Pietro Nenni, a Socialist, became his deputy prime minister.² This government consisted of the Christian Democrats, the Socialists, Social Democrats and the Liberals.

Since that time Italy has been governed by a center-left coalition, except for brief periods when the Socialist partners deserted the government and the Christian Democrats have been forced to rule in a caretaker status "mono-colore" government.

¹Serge Hughes, The Fall and Rise of Modern Italy (New York: McMillan Company, 1967), p. 302.

²Hughes, p. 302.

Table 2

Election Results for the Senate and
Chamber of Deputies, April 28, 1963 and
Off-Year Regional Results, 1964.

Chamber of Deputies				
Party	(Vote) (1963)	Percentage	(Vote) ¹ (1964)	Per. ¹
Christian Demos.	11,773,182	38.2%	9.4	37.4%
Communists	7,767,601	25.3%	6.6	26.0%
PSIPU ²			.7	2.9%
Socialists	4,254,836	13.8%	2.8	11.3%
Social Demos.	1,876,271	6.1%	1.8	6.6%
Liberals	2,144,270	7.0%	2.0	7.9%
Republicans	420,213	1.4%	.3	1.2%
Monarchists	429,412	1.7%	.2	.9%
Italian Social Movement (MSI)	1,570,282	5.0%	1.2	5.0%
Others	408,268	1.5%	.2	.8%
Senate				
Party	Vote		Percentage	
Christian Demos.	9,579,081		34.8%	
Communists	6,469,892		23.6%	
Socialists	3,849,495		14.1%	
Social Demos.	1,743,870		6.3%	
Liberals	2,065,901		7.5%	
Republicans	223,350		0.8%	
Monarchists	429,412		1.6%	
Italian Social Movement (MSI)	1,414,750		5.1%	
Others	1,693,547		6.2%	

Table 2 (continued)

Notes: ¹The votes for the Off-Year election of 1964 are expressed in millions.

²The Proletarian Socialists, a break away segment of the Socialist Party, makes its first appearance on the national scene in the elections of 1964.

Sources: "Italy", The International Year Book and Statesmen Who's Who, 1963. London: Burke's Peerage Limited, 1963, p. 293.

Edward A. Bayne. "Italy After The Fall", American Universities Field Staff. New York: South East Europe Series, Vol. XIII, No. 1, March, 1966, p. 7.

A comparison of the vote in 1968 (Table 3) with that in 1964 (Table 2) proves most interesting. The Christian Democrats registered a slight gain in 1968. The combined vote of the Communists and the Proletarian Socialists reflected 31.5 per cent of the total vote (the Proletarian Socialists Party, PSIUP, is even further to the left than the Communists) up 2.6 per cent from 1964. Thus, they posed a potential threat to the Christian Democratic leadership. The Unified Socialist Parties (combined Socialists and Social Democrats) obtained 14.6 per cent of the vote, a loss of 3.3 per cent from their combined vote in 1964. This reflected a disenchantment by their extreme left-wing elements, who had deserted to the Communists and Proletarian Socialists.

An examination of the results of the selected elections found in Tables 1, 2 and 3 reveals that the trend in Italian politics has been gradually shifting toward the left. Even with this trend, however, the extreme left-winged parties have been unable to garner more than one-third of the total vote. It is widely postulated that a considerable percentage of the Communist vote is not in fact a vote for the Communist Party, but is a protest vote against certain policies of the center-left coalition.

It is not impossible that some sort of coalition government with the Communists playing less than a leading

Table 3

Election Results for the Senate
and Chamber of Deputies, May 19, 1968.

Chamber of Deputies		
Party	Vote	Percentage
Christian Democrats	12,437,848	39.2%
Communists	8,551,347	27.0%
PSIPU ¹	1,414,697	4.5%
Socialists ²	4,603,192	14.6%
Liberals	1,850,650	5.8%
Republicans	626,533	2.0%
Monarchists	414,507	1.1%
Italian Social Movement (MSI)	1,414,036	4.5%
Others	477,618	1.3%
Senate		
Party	Vote	Percentage
Christian Democrats	10,972,114	38.3%
Communists ³	8,585,601	31.0%
Socialists ²	4,454,904	15.6%
Liberals	1,943,795	6.8%
Republicans	601,500	2.1%
Monarchists	312,702	1.1%
Italian Social Movement (MSI)	1,304,847	3.6%
Others	540,556	1.5%

Table 3 (continued)

Notes: ¹The Proletarian Socialist Unity Party ran on an independent ticket for the Chamber of Deputies but ran on a combined ticket with the Communists for the Senate.

²Both the Socialist Party and the Social Democratic Party ran on a combined ticket for this election under the banner of the Socialist Party.

³The Communists in this instance reflects a combined vote of the Communist Party and the PSIPU.

Source: "Italy", The International Yearbook and Statesmen Who's Who. London: Burke's Peerage Limited, 1968, p. 297.

role could materialize in Italy in the future. Given the strong security element of the Carabinieri and the rather stable trend in Italian voting a Communist take-over by a coup d'etat seem highly unlikely.

Table 4 shows the results of the Off-Year Regional Election for 1970 and 1971. The most significant factor to be observed from these elections is the gain registered by the Social Movement (neo-Fascist). In 1970 it registered small gains over 1968, however, in 1971 it rolled 13.8 per cent of the total vote. This left them third only to the Christian Democrats and the Communist-Proletarian Socialist combination. They had almost trebled their vote.

These elections were not merely local, but regional, and spread throughout the width and breadth of Italy. They were conducted in Rome, Sicily, Genoa, Bari and 155 other localities throughout the country. It is significant that Italy had reacted by a very noticeable turn to the extreme right.

Apparently a considerable portion of the population was disenchanted, more so with strikes and chaos created by the politically and economically irresponsible extreme left, than by the bureaucratic ridden but economically effective Christian Democrats and their center-left allies. An interesting analysis of these factors can be found

Table 4

Off-Year Regional Elections for
1970 and 1971 Expressed in Percentage of
Total Vote

Party	1970	1971
Christian Democrats	38.8%	31.0%
Communists ¹	31.1%	25.3%
Socialists ²	10.4%	11.0%
Social Democrats ²	7.0%	7.8%
Italian Social Movement (MSI)	5.2%	13.8%
Others	7.5%	11.0%

Notes: ¹The Communists and the PSIPU elected to run on a single ticket.

²The Unified Socialists, after what they considered the disastrous results of 1968, chose to run on separate tickets.

Source: "Neo-Fascist Gains in Italian Vote", The New York Times, June 16, 1971, p. 1, 3.

in the June 5, 1971 issue of The Economist:

...It is tempting to draw an analogy to the situation in 1920. Today as fifty years ago, Fascists are only too ready to offer their services. Fascist squads are being trained in various parts of the country under cover of sports clubs and holiday camps. A score of psuedo-military organizations have arisen since 1969. The Fascists have also found sympathisers in some of the numerous associations of exservicemen....

The most disquieting feature of the upsurge of the Italian right is the sympathy which the neo-Fascists are able to mobilize in certain military circles ...former Chief of Staff of the Army, General Lezzi appeared with General di Lorenzo (also a former chief of staff) at a recent Fascist rally. Admiral Birindelli, Commander in Chief of the NATO forces in Southern Europe, (this is not exactly true¹)...declared in public that if the Communists were to join the government majority there would be² many cases of conscious in the service.

It is true that Italy has experienced a violent reaction from the right; however, the author does not believe that a coup d'etat by the right, or the military, is in the offing. The professional officers are steeped

¹Admiral Horatio Rivera, United States Navy is the NATO Commander for Southern Europe. Admiral Birindelli, on June 5, 1971, was the commander of a much smaller naval component of this command with headquarters on Malta. He has since been delcared persona non grata by Malta and expelled for his Fascist leanings.

²"The Right Reacts", The Economist (London: June 5, 1971), p. 32.

in traditions of patriotism and are subservient to their civilian superiors. By the same token it is questionable if they would allow the Communists to come into power in Italy by any means whatsoever, whether it be peaceful or violent.

Chapter 5

THE INTEGRATION OF DIVERSE ETHNIC, RELIGIOUS, COMMUNAL AND REGIONAL ELEMENTS INTO A NATIONAL POLITICAL COMMUNITY

The Italian ethnic strains seem to pose no problems in Italy. The population is quite different, ranging from the more Moorish-type people in the islands of Sicily and Sardinia to the more Nordic-types found in the Alpine Area. There is no animosity among the various segments of the Italian population because of racial differences. The accident of the color of ones skin poses no difficulty for the average Italian.

Roman Catholicism is the state religion and is the faith of the overwhelming majority of the Italians. A special relationship exists between the Italian government and that of the Vatican City which is spelled out in a treaty or "concordata".

It is true that there are many linguistic dialects spoken in Italy. Some of which are unrecognizable to persons not indigenous to their region or origin: however, there is one form of "pure" Italian which is taught in the schools and universally spoken throughout the country. It is the language of the great literary geniuses of "Tuscani" (Florence) like Dante, Machiavelli and Manzoni.

There is still a passionate identification with one's own "paese" (home town); however, in addition to this there is a sense of belonging to the region and in a larger sense to the nation of Italy. Italians generally take a deep sense of pride in their patriotism. Universal military service, as previously described, is compulsory for all males and is accepted dutifully, as an obligation of citizenship.

...An Italian's abstraction remains Italy, made beautiful by both God and man, while his reality is his individualism. However provincial this may mark Italy as being in a great technological age, the Italian seems to remain tied to his "country" in spirit, and the tangible dimensions of that "country" are those of his ancestral birthplace.¹

¹E. A. Bayne, "Italy After the Ball," American University Field Staff. (New York: American Universities Field Staff, Inc., March 1966, p. 92.

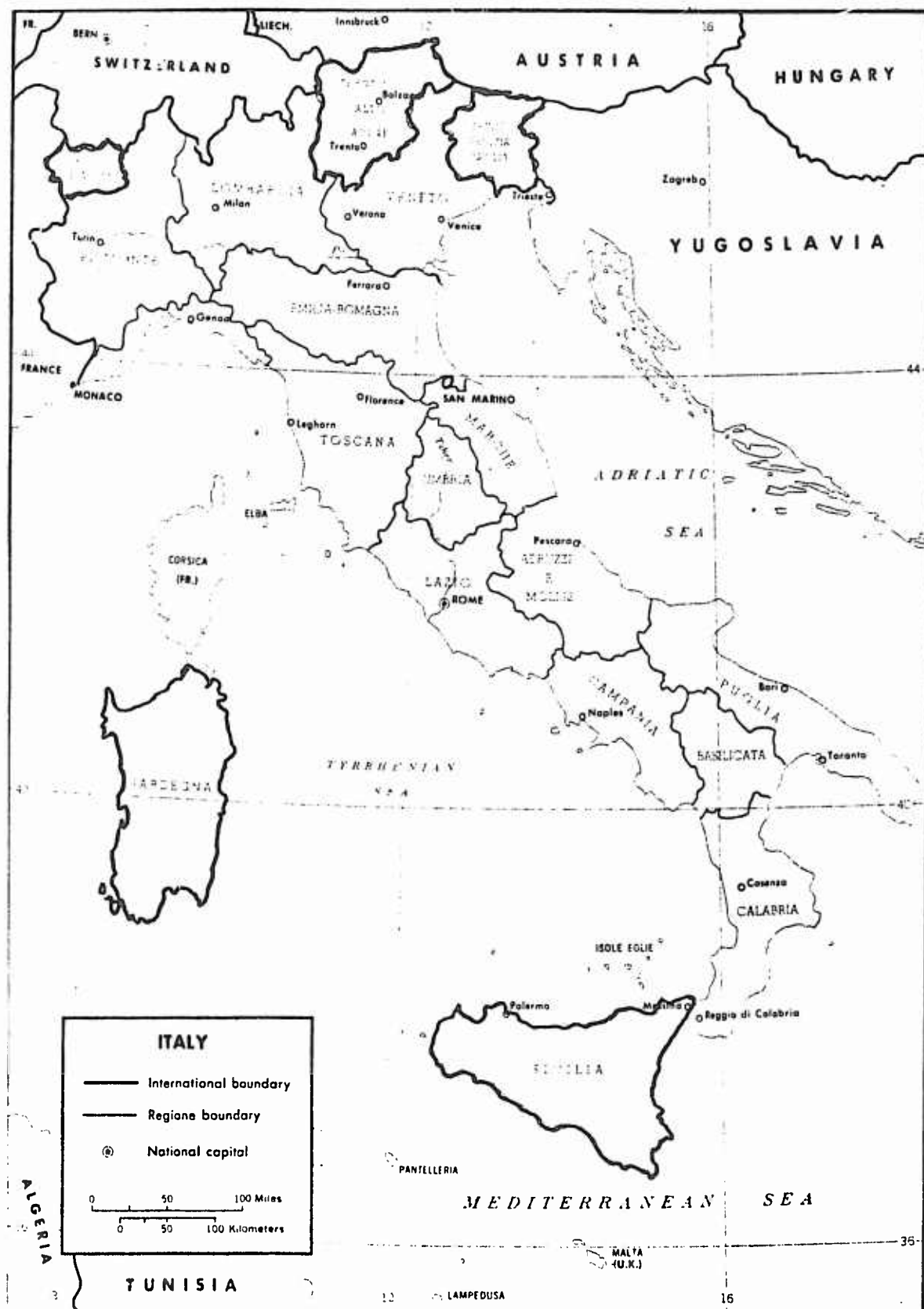
Chapter 6

ORGANIZATION AND DISTRIBUTION OF FORMAL POWER AND FUNCTIONS AMONG ORGANS OF CENTRAL, REGIONAL AND LOCAL GOVERNMENT AND BETWEEN PUBLIC AUTHORITY AND PRIVATE SECTOR

There exists in Italy, much as in the United States, three levels of government. In Italy they are referred to as national, regional and local (municipal). At the present time the "locus" of power rests primarily with the national government, with the local governments exercising those powers and having those responsibilities normally associated with municipal activities ie, sanitation, police and fire protection, local transportation, traffic management, local recreation and the like.

In five regions of Italy, (Sicily, Sardinia, Trento-Alto-Adige, Friuli-Venezia-Giulia and Val d'Aosta) there is a large degree of autonomy. Each region has a Regional Council which holds executive power. The 15 remaining regions will have regional councils, first elected in 1970 and due to take effect in 1972.¹ This semi-

¹The Europa Year Book 1971, A WORLD Survey, Vol. 1
(London: Europa Publications Ltd., 1971), p. 884.



REGIONAL SUBDIVISIONS OF ITALY

autonomous status of the regions was decreed by the constitution of 1948 but is only now being implemented.

The government consists of a parliament of two houses; Chamber of Deputies and the Senate. Both jointly exercise the legislative function. Deputies serve a five-year term and are elected by direct adult suffrage for all those over the age of twenty-one. Senators are elected for a six-year term by region, also based on adult suffrage for those over the age of twenty-five. The Head of State is The President of the Republic, who is elected jointly by the Chamber of Deputies and the Senate for a period of seven years. The President nominates the Council of Ministers which, when approved by the Parliament, forms the Executive.¹

It cannot be said that the Italian bureaucracy of today is completely effective. Much remains to be done in reform of the bureaucracy. In name, Italy does have a professional civil service based on merit; however, in practice entry into the system is, more often than not, gained by political favor or downright nepotism. Bureaucrats are more often prone to impede than to expedite administration. An ordinary citizen who attempts to deal with any bureaucrat in Italy meets with complete frustration. The very least one must do when dealing with a bureaucrat is to

¹The Europa Year Book 1971, A WORLD Survey. Vol. 1.
(London: Europa Publications Ltd.), 1971, p. 884.

mention the name of some important influential friend and in order to achieve results, one must often resort to simple bribery.¹

There is no university in Italy which teaches Public Administration. This area is jealously guarded by the Professors of Jurisprudence who insist that this is the logical field for the lawyers.² The wages paid the typical entering bureaucrat are so minimal that few college graduates choose this route. As indicated earlier, often the bureaucrat must resort to bribery to augment his income.

It is now well known that the best talent emerging from Italian universities is not going into the bureaucracy. This is particularly true of the technical fields in which the demand and the professional opportunities in the private sector are much greater.

....It is apparent, therefore, that the cadres coming into service do not have the training, and in many cases the potential ability, to fill roles that a major commitment to economic planning entails.³

¹ John Clarke Adams et al., Foreign Governments and Their Background (New York: Harper and Brothers, 1950), p. 545 ff.

² Joseph LaPalombara, Italy: The Politics of Planning (Syracuse, New York: Syracuse University Press, 1966), p. 109.

³ LaPalombara, p. 110.

Italy is not unaware of this problem. Guiseppi Medici, one of Italy's most ardent advocates of bureaucratic reform, in his capacity as Minister for Bureaucratic Reform in 1962, created a Commission for the Reform of Public Administration. The commission reported in 1963 and recommended:

1. The establishment of general secretariats or staff agencies for all ministries.
2. Delegation of final authority over certain matters to directors general, division heads and section heads.
3. Creation of a permanent interministerial committee for the coordination of all activities requiring the participation of more than one ministry.¹

Whether these recommendations will ever be implemented remains to be seen. It is true that a Superior School of Public Administration has been established at Caserta. However, the curriculum of the school suggests that little is being done to train young bureaucrats for the problems and responsibilities they will encounter. No miracle can be expected from the school but its mere existence is encouraging.²

¹Joseph LaPalombara, Italy: The Politics of Planning (Syracuse, New York: Syracuse University Press, 1966), p. 108.

²LaPalombara, p. 109.

Chapter 7

DEVELOPMENT OF MODERNIZING SKILLS AND INSTITUTIONS

The Italians pride themselves on their educational system. Education is compulsory and free between the ages of 6 and 14, however, there is a shortage of classrooms and many schools run on shifts. School is conducted roughly 10 months of the year. There are 19,508 private and public nursery schools with a capacity of 1,400,000 students.¹

In the lower secondary schools Italian history, religion, civics, geography, mathematics, natural science, art, physical training and at least one foreign language are compulsory. Higher secondary education is provided in the classics, arts and sciences, training for elementary teachers and technical institutes. After 5 years of secondary education, the student must pass an examination which provides him with a certificate and qualifies him for automatic entry into any of the universities. There are 31 universities and 26 institutes of higher learning

¹The Europa Year Book 1971, A WORLD Survey, Vol. 1
(London: Europa Publications Ltd., 1971), p. 885.

in Italy. In 1970 there were 616,898 students enrolled in higher education.¹

The government operates, in addition to Caserta, a number of technical schools for its employees. The armed services, through their schooling system provides one of the greatest technical qualifying means for the less wealthy young Italian. They teach such diverse subjects as truck driving, auto and aircraft mechanics, radio and electronic technicians and even shoe repairing. A considerable number of young Italians pursue a career in civilian life that they learned during their compulsory military service.

There are a number of private and industrial trade schools, such as that run by FIAT of Turin to qualify its employees in the construction and maintenance of automotive vehicles. In addition, there are schools to prepare people for careers in the service of the public, such as beauty operators, bartenders, bell hops, hotel managers, cooks, chefs and caterers. It is safe to say that education and the application of technology is one area in which Italy excels.

¹The Europa Year Book 1971, A WORLD Survey, Vol. 1
(London: Europa Publications Ltd., 1971), p. 885.

Chapter 8

INDUSTRIAL RECOVERY, SAVINGS AND INVESTMENT

In Italy "...the average family earned \$2,400 a year in 1967, whereas, in 1951 it was only one third of that figure. "La dolce vita" (the sweet life) is thus beginning to take on reality for an increasing number of Italy's 53 million people".¹

Italy emerged from World War II poverty stricken and with her industry practically in ruins. Life was almost at a subsistence level. A number of plans for recovery were instituted to aid in the reconstruction. Money was provided by the United National Relief and Rehabilitation Administration (UNRAA), the Foreign Economic Administration and under the European Recovery Program, popularly known as the Marshall Plan, which was initiated in 1948.²

In 1946 Italy received from the United States through the UNRAA \$380,000,000 in an effort to offset a balance of payments deficit of \$512,000,000. Another \$98,000,000 were provided through the Foreign Economic

¹William Gerber, "Italian Election, 1968", Editorial Research Report (Washington, D.C.), No. 18, Vol. 1, p. 348.

²Economic Cooperation with Italy (Marshall Plan) Under Public Law 472-80th Congress, June 28, 1948.

Administration and \$110,000,000 through gift parcels and immigrant remittances. Italy received a total of \$3,447,100,000 from the United States in economic aid in the form of both grants and loans between 1946 and 1961. She received 11 per cent of the total Marshall Plan aid in the years 1948, 49 and 50. She received 12.7 per cent of the total in 1951.

The Italian administrative agency charged with the disbursement of these funds was the Interministerial Commission for Reconstruction (CRI), a super ministry. It had been set up in 1945 to plan the reconstruction. Marshall Plan aid did much to revitalize Italian industry, 70 per cent went to industries, railways and public works. It did much to encourage a rational development of the economy, and to awaken Italian entrepreneurs to the possibilities of economic growth. It is interesting to note that by June 1962, Italy had paid back all of its Marshall Plan loans.¹

An examination of Table 5 clearly illustrates "il miracolo Italiano". The Gross National Product between 1948 and 1961 multiplied nearly three fold. Investments during the same period multiplied nearly five-fold and consumption multiplied approximately three times.

¹Shepard B. Clough, The Economic History of Modern Italy (New York: Columbia University Press, 1964), p. 300.

Table 5

Allocation of domestic Gross National Product, 1948-1961 (in billions of current lire)

Year	Consumption			Investment						Gross national product
	Private	Public ^a	Total	Housing	Public Works	Plant and equipment	Changes in inventories	Net foreign ^b	Total	
1948	5,351	584	5,935	129	188	1,061	-36	-209	1,133	7,068
1949	5,736	622	6,358	169	178	1,030	69	-170	1,276	7,634
1950	6,231	631	6,862	230	175	1,122	123	-70	1,580	8,442
1951	7,089	737	7,826	304	213	1,343	223	-158	1,925	9,751
1952	7,704	864	8,568	386	285	1,430	-10	-409	1,682	10,250
1953	8,393	832	9,225	466	352	1,436	30	-340	1,944	11,169
1954	8,713	923	9,636	579	348	1,527	35	-245	2,244	11,880
1955	9,278	1,010	10,288	715	361	1,674	190	-233	2,707	12,995
1956	9,953	1,096	11,049	790	333	1,869	138	-246	2,882	13,931
1957	10,040	1,507	11,547	924	287	2,173	84	-187	3,281	14,828
1958	10,449	1,704	12,153	998	337	2,146	95	186	3,762	15,915
1959	10,886	1,840	12,726	1,064	340	2,326	97	355	4,182	16,908
1960	12,235	2,091	14,326	1,101	449	2,891	305	6	4,752	19,078
1961	13,194	2,288	15,482	1,192	485	3,381	300	135	5,493	20,975

^aPrimarily current services provided by government to the public.

^bExports minus imports. Include services.

Source: Compiled from data in (1948-1956) Indagine statistica, pp. 261, 265, and 265; (1957-1961) from Relazione generale, various issue.

Italy has been said to have a dualistic economy.¹ By this it is meant that a certain segment of her economy is exceedingly advanced in both agriculture and industry and that another sector is depressed both in agriculture and industry. The country, for purposes of geographic identification, can be divided roughly into two sectors with Rome as the mid-point. From Rome north, Italy is generally one large industrial base with advanced techniques in both agriculture and industry. South of Rome, generally speaking, agriculture is conducted on the small traditional family farm and industry, in the major part, is that of the artisan. This has been the traditional sense in the Italian economy since the division of the peninsula by the belt of the Papal States which divided the north from the south.

The post-war Italian governments have recognized this problem and have undertaken means to resolve it. A government plan which is referred to as the "Cassa per il Mezzogiorno" (fund for the development of the south) has been established by Italy to eliminate this problem. It shall be discussed in some detail later on in this paper.

¹George Herbert Hildebrand, Growth and Structure in the Economy of Modern Italy (Cambridge: Harvard University Press, 1965), p. 253, ff.

In addition to this dualism there is another dualism to the Italian economy; that of individual capitalistic enterprise existing along side state owned or state controlled industries. This dualism poses no problem for either the Italian people or the government. As an example, the largest single manufacturing enterprise in Italy is owned by individuals. It is the FIAT automobile enterprise. It is a joint stock company whose principal shareholder is the Italian industrialist Signor Agnelli. The second largest automobile manufacturing enterprise in Italy is Alfa Romeo, a company which is 51 per cent owned by the government.

Italian products are found throughout the continent and are among some of the best available. A certain amount of her goods are found world wide; Olivetti typewriters can be purchased in the United States; Italian automobiles are available world wide; Motta food products and service stops on the highways exist all over Europe; Prussia chocolates are a world wide delicacy; Italian shoes as well as mens and womens clothing are as fashionable as Paris models; and a large majority of the world's eyeglass frames are made in Italy.

Two startling examples of Italy's economic miracle can be cited. She is fourth in the world in chemical production. FIAT, but only one of her automobile

manufacturers, has the largest automobile production in Europe, surpassing that even of Germany. FIAT¹ has subsidiaries in Spain, Yugoslavia, Morocco, United Arab Republic and even the Soviet Union.¹ Italy is a charter member of the European Common Market. Her lira is one of the most stable currencies in the world. It is so stable, in fact, that in 1968 during a United States dollar crisis, Italy refused to exchange lira for the dollar for over a 3 day period until the dollar could be stabilized.

Regarding the industrial dualism of the Italian economy, it would be desirable to look at the breadth and scope of some of the state owned or controlled corporations. AGIP, "Azienda Generale Italiana Petroli", (Italian General Agency for Petroleum) is the largest petroleum distributor in Italy. The government and private industry find no difficulty with AGIP existing side by side and competing with such activities as ESSO, Shell, British Petroleum and Caltex. In addition AGIP service stations can be found throughout the continent. ENEL, "Ente delle Imprese Elettriche", (National Agency

¹William Gerber, "Italian Election, 1968", Editorial Research Report (Washington, D. C.), No. 18, Vol. 1, p. 347.

of Electric Energy) is a state owned monopoly controlling electric energy. ENI, "Ente Nazionale Idrocarburi", (National Agency of Hydrocarbons) is a state owned corporation which deals in coal and petroleum products. It is the parent company of AGIP.

In addition to these mammoth corporations there are a number of other government owned industries and services such as television, radio and telephone facilities, as well as the railroad and airlines.¹

It is certainly safe to say that Italy experienced an economic miracle between the beginning of reconstruction in 1948 and 1961. It was during this period that the phenomenal development in her economy took place. It was this period that saw her rise from a nation whose agriculture and industry lay in ruin to one of the economic giants of the western world.

The Italian people and nation have historically been very frugal. Most of the nation's savings were depleted by World War II and it was not until 1948 that she could again achieve any real savings. An examination of Table 6 illustrates the savings rate between 1948 and 1961 as percentage of GNP. It is interesting to observe that the gross savings rate as compared to the GNP in

¹ Joseph LaPalombara, Italy: The Politics of Planning (Syracuse, New York: Syracuse University Press, 1966), p. vi.

Table 6

Gross savings in relation to Gross National
Products, 1948-1961 (per cent)

Year	Savings rate	Year	Savings rate
1948	16.0	1955	20.8
1949	16.5	1956	20.7
1950	18.7	1957	22.8
1951	19.7	1958	23.6
1952	16.4	1959	24.7
1953	17.4	1960	24.9
1954	18.9	1961	26.2

* Gross saving measured by gross investment.

Source: George Herbert Hildebrand, Growth and Structure
in the Economy of Modern Italy. Cambridge: Harvard Uni-
versity Press, 1965, p. 56.

1948 was 16 per cent. By 1961 it had grown to the amazing figure of 26.2 per cent.

Between 1948 and 1961 the portion of gross product committed to investments jumped by nearly two-thirds bringing Italy to the very top rank among the high savings countries of the world....Behind this were the following forces; the recovery of private savings once inflation had yielded to stable prices; large-scale internal reinvestment of profits by large enterprises; a substantial rise in government investment; and a steady improvement in the relationship between exports and imports.¹

¹George Herbert Hildebrand, Growth and Structure in the Economy of Modern Italy (Cambridge: Harvard University Press, 1965), p. 56

Chapter 2

REFORM AND MANAGEMENT OF FACILITIES AND SERVICES

The professional bureaucracy in the Italian government is not one of Italy's strong points. This has been discussed before. However, major reforms not only for the bureaucracy but for land and economy are being undertaken. Here we shall address ourselves to the land and economic reforms and also to the "Cassa per il Mezzogiorno", (fund for the development of the south), hereafter referred to as CASSA.

With regard to land reform, between 1944 and 1948 the government enacted special regulations which were designed to assign then uncultivated lands to the peasants and also extended agriculture loans at favorable terms. These measures alone, however, were inadequate and in 1950 laws were enacted which actually expropriated lands. Care was taken that expropriation was affected only on large scale holdings. Land reform was initiated and carried out in the Sila region, Po Valley, Tuscany, Lazio, Fucino, Sardinia and Sicily. Expropriation affected 2,800 land owners. By 1960 the land actually expropriated amounted to 673,000 hectares.

The government paid the land owners an average price of 70,000 (1953 prices) lira a hectare. The owners were paid in state obligations at 2.5 per cent interest every 6 months and payable in a twenty-five year period commencing in 1953. After the government acquired the lands they established agencies of a semi-public nature which were expected to:

...(1) divide them (the lands) into potentially efficient family-size units, (2) provide each unit with the necessary capital goods, (3) create the infrastructure that would make possible the development of new agricultural communities, (4) choose those to whom units would be assigned, (5) train the latter in entrepreneurial skills, and (6) provide necessary technical, sanitary, and cultural assistance.¹

Eight per cent of the land went to persons who were already small land owners; 40 per cent was assigned to tenant farmers and share croppers. The remaining 52 per cent was assigned to agriculture day laborers or salaried farm workers who had no experience in agriculture management. It was necessary for the government agencies to educate the latter in agriculture management techniques.

The first experience Italy had with economic planning was in 1954 when Ezio Vanoni, Minister of the Budget, announced his Scheme for the Development of Em-

¹ Joseph LaPalombara, Italy: The Politics of Planning (Syracuse, New York: Syracuse University Press, 1966), p. 26.

ployment and Income in Italy for the decade 1954-64. The plan had four major objectives: (1) the reduction of unemployment and underemployment through the creation of 4 million jobs; (2) narrowing the economic gap between the north and the south; (3) achieving a favorable balance of payments; (4) modifying the labor force so those engaged in agriculture would be reduced and those engaged in industry and tertiary activities would be increased. This plan, however, never came into fruition.

In spite of great economic strides in certain regions of Italy other regions, notably the south, have not reached the full development of their potential. There was a great disparity in income among the population. A great majority of the people were enjoying the prosperity of the Italian boom but some were still existing at marginal levels.

The government realized that its economic rebirth had been due primarily to a market economy, but it realized further that if the entire population was to reap the benefits of recovery, centralized planning would be necessary. There existed a number of plans: for example, a government plan for special assistance and subsidies to agriculture; a 10 year plan for the railroads; a special plan for the construction of highways; a plan for the improvement of the educational system; and others.

These plans were all independent and had no relationship to each other. This presented a less than desirable situation.

In an effort to overcome this obstacle the Ministry of the Budget was redesignated the Ministry of the Budget and Economic Programming. This ministry on August 6, 1962 established the "Comitato Nazionale per la Programmazione Economica", (National Committee for Economic Planning), hereafter referred to as CNPE. The specific mission of the CNPE is to establish the guidelines for the economic development of the country. The CNPE consists of "experts" from the Ministry of Budget and Economic Planning and from various other elements of the Italian economy, to include both business and labor.

Within a year after its creation, the CNPE released a document which was the first attempt at a 5 year economic plan. It covered the period 1964 to 1968. It provided for the creation of a number of new jobs, special initiative for public and private intervention in the south, development goals for various sectors such as education, agriculture, social security, housing, urban development, and others. It was an economic plan that needed ratification by the legislature. It was, in fact, a technical rather than a political document.

With the establishment of the CNPE Italy had recognized the requirement for centralized economic planning and had taken a first step in that direction. Italy today is still a long way from obtaining the type of coordinated economic planning necessary if she is to realize her full potential; however, she has made a start in that direction.

The greatest strides that have been realized by Italy have been those directly attributable to the CASSA. The fund was set up in 1950 and designed to run until 1965. In June of 1965 it was extended until 1980. By 1965 it had issued contracts for public works in the amount of 1,522,000 million lira (625 lira equal one US dollar). The task of the CASSA is to implement a series of 5 year plans in coordination with the national plan. The following are completed projects supervised by the CASSA.

Land Reclamation and Irrigation

Over 940,000 hectares of land have been drained and protected from flooding; a network of irrigation canals has been constructed; flood control projects have been completed; dams have been constructed and many kilometers of new agriculture roads have been completed.

Aqueducts

The CASSA has constructed facilities for purification, storage and distribution of 1,485,675 cubic meters of potable water.

Transportation and Communications

Many kilometers of new rural roads have been constructed. The "Autostrada del Sole" (Italy's main north-south super highway) has been extended from Naples to Reggio de Calabria on the southern tip of the peninsula, thus completing its expanse from the Brenner Pass southward the entire length the peninsula. Tracks of many railroads have been doubled. Projects for improving 51 ports have been approved. Air fields have been constructed and many kilometers of telegraph cables have been installed.

Hospitals

Twenty-nine hospitals have been completed and 34 others are under construction.

Education

The CASSA has contributed 46,400 million lira toward the development of industry. In addition, it has granted loans totalling over 2,500,000 million lira to private industry. It has provided outright grants to small entrepreneurs in excess of 250,000 million lira and the government has constructed a large industrial complex

for Alfa Romeo automobile industries south of Naples.

Private Land Improvement

The fund has approved the construction of many kilometers of farm roads, thousands of wells, tanks and water reservoirs. The construction of numerous cheese factories, olive oil mills and wine factories has been accomplished. In addition, hundreds of thousands of hectares of previously non-arable land have been converted to farming. The coastal population has been granted large loans for improvement of the fishing industry.

Education

The CASSA has completed 147 industrial schools, 21 agricultural schools and over 600 kindergartens. Loans in excess of 8,000 billion lire have been granted for the construction of schools.

Tourism

Over 50,000 million lire have been spent on tourist facilities. They include sightseeing roads, archaeological excavations, modern museums and other restorations. It has granted loans for the construction of over 51,000 hotel rooms, with an excess of over 94,000 beds.

Italy can well look with pride at the accomplishments of the CASSA. This is one area which, in spite of

previously noted bureaucratic inefficiencies, has done much toward the development of southern Italy and the two islands of Sicily and Sardinia.¹

¹ The Europa Year Book 1971, A WORLD Survey. Vol. 1,
(London: Europa Publications Ltd., 1971), p. 884 ff.

Chapter 10

CONCLUSIONS

Italy is a member of the United Nations, she is a member of the European Common Market, the Iron and Coal Community and Euratom.

She has a defense establishment capable of maintaining law and order and preventing internal subversion. It is capable of defending her against a local attack by her most potential enemy, Yugoslavia. It would have to be considerably augmented by her NATO allies in the event of large scale aggression.

Italy does have some difficulty in the development of an efficient merit-based administrative bureaucracy; however, she has experienced phenomenal strides in rebuilding her agriculture and industry and in raising the standard of living of her people after her emergence from the humiliating defeat of World War II. It is safe to say that Italy is today a responsible and respected member of the world community.

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